

The City Council and the Redevelopment Agency met in adjourned session at the hour of 8:34 a.m. in the Council Chamber, City Hall, on the day above written for consideration of the FY 2012 Redevelopment Agency budget and continued consideration of the City of Fresno FY12 Budget. Present were Councilmembers Baines, Borgeas, Olivier, Quintero, Xiong, Westerlund, President Brand, City Manager Scott, Assistant City Manager Rudd, RDA Executive Director Murphey, City Attorney Sanchez, City Clerk Klisch, Assistant City Clerk Salazar, Budget Director Smith, and appropriate staff.

President Brand called the meeting to order, the City Council recessed at 8:35 a.m., and the Redevelopment Agency convened in regular session.

(8:30 A.M.) HEARING ON THE CITY OF FRESNO REDEVELOPMENT AGENCY FISCAL YEAR 2012 BUDGET

#1 AGENCY RESOLUTION NO. 1792 – APPROPRIATING THE FISCAL YEAR 2011-2012 BUDGET TO THE CITY OF FRESNO REDEVELOPMENT AGENCY IN THE AMOUNTS SET FORTH HEREIN FOR APPROVED PROJECTS, ACTIVITIES AND OTHER SUCH PURPOSES AND EXPENDITURES AS MAY BE BUDGETED BY THE REDEVELOPMENT AGENCY, AND MAKING FINDINGS REGARDING THE AGENCY’S LOW AND MODERATE INCOME HOUSING FUND

Chair Westerlund announced the time had arrived to consider the issue and opened the hearing, advised this hearing was noticed in the Fresno Bee for the public benefit even though that was not legally required, stated Executive Director Murphey would be making a presentation to the Board on the budget and added as a separate legal entity the Agency would take up their budget and motions, if any, and vote on the budget this date, and gave an update on the latest actions on the state’s proposal to eliminate redevelopment agencies.

Executive Director Murphey reviewed Assembly Bills 26 and 27 in terms of their projected consequences to the city’s Agency, and gave an in-depth review the Agency’s budget which included FY 2011 Accomplishments and the proposed FY 2012 Budget. Chair Westerlund added Ms. Murphey and staff were working on multi-phase funding for agreements entered into earlier in the year on some twenty-four projects and upon his request Ms. Murphey spoke to what the estimated impact would be for those projects if the elimination of RDAs and the state take were to happen.

Upon call, no one wished to be heard and Chair Westerlund closed the public hearing.

Member Quintero stated the Agency budget was very easy to read and thanked Ms. Murphey and staff for all their good work over the years and for the long-term planning and made a motion to approve the budget. Member Baines seconded the motion and thanked Ms. Murphey for meeting with him and explaining details of the budget, concurred with Member Quintero on this being an extremely easy budget to read, and thanked the Agency for taking aggressive actions to not overspend taxpayer money. Member Quintero also thanked Chair Westerlund for keeping the Agency Board apprised of the goings-on in Sacramento and for his leadership and work with the Agency behind the scenes to get things done. Chair Westerlund thanked Ms. Murphey and staff for all their hard work, especially on the pending projects that were brought forth after the Governor’s proposal, and further elaborated.

City Manager Scott also thanked Ms. Murphey and staff for the cooperative relationship, stated the last few months had been very difficult for everyone but a lot of good information got produced at one time, and stated he wanted to put on the radar screen the fact that the debt in the City’s CAFR was treated differently than the debt in the RDA’s CAFR and that needed to be reconciled going forward and explained. Chair Westerlund stated the tax increment the Agency is able to capture is based upon having debt and stated caution was needed in writing off debt to not write off the ability to capture tax increment and expanded further. Member Brand added the Agency needed to be careful to not be too specific because redevelopment, like any other kind of development, was market driven (**2 – 0**), with Chair Westerlund responding.

On motion of Member Quintero, seconded by Member Baines, duly carried, RESOLVED, the above entitled Agency Resolution No. 1792 hereby adopted, by the following vote:

Ayes : Baines, Borgeas, Brand, Olivier, Quintero, Xiong, Westerlund
Noes : None
Absent : None

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The Redevelopment Agency adjourned their meeting at 9:24 a.m. and the City Council reconvened in regular session.

CONTINUED CONSIDERATION OF THE CITY OF FRESNO FISCAL YEAR 2012 BUDGET

President Brand briefly explained the process for motions and the remaining budget schedule.

MOTION – BRAND/BORGEAS – PRESUME \$1.9 MILLION REVENUE FROM COMMERCIAL SOLID WASTE FRANCHISE

Discussion ensued on (1) the 3% employee concession assumption and (2) the legality of, and a Council policy call on, the *Protecting the Core Services Option* that was proposed as an alternative to the CSW franchise on June 16th by Councilmembers Xiong and Quintero, with City Attorney Sanchez, City Manager Scott, Budget Director Smith and Finance Director Gray responding and clarifying issues.

MOTION – XIONG/QUINTERO – CONTINUE TO FUND THE “ONE CALL CENTER” AT EXISTING SERVICE LEVELS (GENERAL FUND \$114,000 AND \$178,900 IN NON-GENERAL FUND ACROSS DEPARTMENTS)

MOTION – XIONG/QUINTERO – DO NOT INCREASE PARK ENTRANCE FEE AT REGIONAL PARKS (REVENUE LOSS OF \$100,000 IN GENERAL FUND)

MOTION – XIONG/QUINTERO – CAP REDUCTION PER COUNCIL DISTRICT AT \$25,000 (\$175,000 TOTAL COUNCIL DEPARTMENT GENERAL FUND DECREASE)

Councilmember Xiong spoke to the ability of Council moving forward with direction to the Health & Welfare Trust Board to accomplish the 70/30 by next year, with City Attorney Sanchez and ACM Rudd responding and clarifying issues. Mr. Rudd clarified direction had already been given that the city’s goal was to reduce the ongoing cost of health care for city employees.

MOTION – XIONG/QUINTERO – REDUCE POLICE DEPARTMENT OVERTIME BY \$1 MILLION

MOTION – XIONG/QUINTERO – GROUND POLICE DEPARTMENT HELICOPTER FOR ONE YEAR TO CONDUCT AN ASSESSMENT (\$500,000 SAVINGS)

Brief discussion ensued on the helicopter motion, budget impact, and the associated lease.

MOTION – XIONG/QUINTERO – SUSPEND THE POLICE DEPARTMENT ‘CALEA’ PROGRAM (\$100,000)

MOTION – XIONG/QUINTERO – CONTINUE POLICE DEPARTMENT ATTRITION (\$500,000)

MOTION – XIONG/QUINTERO – REDUCE DARM BUDGET BY \$350,000

Councilmember Xiong advised he spoke with Local 753 President Jerry Smith about fire department buses that are not being used and the possibility of selling those vehicles for one time revenue and requested information on what the sale cost would be; questioned if staff has had any discussion with the Fire Chief on the high cost of the headquarters lease/renegotiating the lease/reducing space for cost savings (with City Manager Scott stating discussion has occurred on options and he would provide that information); and advised he also spoke with Mr. Smith about reducing Battalion Chief staffing and requested staff provide information on what those savings would be.

Councilmember Xiong expanded further on his *Core Services* option in terms of identifying savings and thus reducing the amount to be borrowed from the CSW reserve fund; spoke to the Mayor’s request to reduce Council district budgets by \$50,000 and the need for flexibility (his motion to cap the amount at \$25,000) due to some council districts having different challenges/needs/older neighborhoods/salary issues and further elaborated; and along with City Attorney Sanchez responded to questions of Councilmembers

Westerlund and Baines relative to his *Core Services* option including loan repayment sources, loan terms, and if **(3 – 0)** borrowing from the CSW reserve was something the city attorney would advise.

Councilmember Baines spoke to, and expressed strong concern with, the motion to reduce police department overtime stating he knew the needs and reasons for those funds, and upon his request Chief Dyer spoke to the large cuts the department has already taken, expanded on the overtime issue/needs and minimum staffing levels, and stressed to take \$1 million from the department or to ground the helicopter program would be devastating to the safety of Fresno's citizens. Councilmember Xiong stated public safety was extremely important but added these were challenging times for all cities, elected officials everywhere were making some very difficult decisions due to the realities, and questioned if Fresno was much different from those cities. Councilmember Baines stated he appreciated this discussion and stated information could be taken from cities who already made those decisions to see if they made the right decision and further elaborated.

MOTION – QUINTERO/XIONG – CUT OFFICE SUPPLIES BY 10% IN ALL DEPARTMENTS, INCLUDING COUNCIL OFFICES

Councilmember Quintero stated this discussion was good and necessary, everything needed to be looked at and put on the table, and thanked the Mayor for giving Council two options to work with stating they were good starting points.

Councilmember Westerlund stated Councilmember Baines and Chief Dyer made it very clear what a \$1 million cut to the police budget would do and stated he was amazed that issue was even being talked about adding he felt the motion was absolutely irresponsible and further elaborated.

President Brand thanked members for their motions and the discussion, agreed everything needed to be looked at but stressed options needed to be based on sound financial principles, stated an ongoing reliable revenue stream would be needed to repay the CSW loan and noted the Reserve Management Act prohibiting deficit financing, and spoke to the budget shortfall, assumptions and motions on the table.

MOTION – BRAND/BAINES – RESTORE CITY ATTORNEY GRAFFITI/PROSTITUTION PROSECUTION AT \$185,000 BY FURTHER REDUCING COUNCIL DISTRICT BUDGETS BY \$15,000 (FOR A TOTAL OF \$105,000) AND INCREASING REGIONAL PARK DAILY ENTRANCE FEE BY \$1.00, EXCEPT ON HOLIDAYS WHEN FEES WILL BE REDUCED BY 50% (RESULTING IN ENTRANCE FEE REVENUE OF \$289,600)

Councilmember Borgeas presented questions on the arraignment beds/if \$150,000 was enough/if funds proposed for graffiti/prostitution prosecution should go towards the arraignment beds, and processing fees, with Chief Dyer responding to questions and adding for now, or for at least for the next six months, he wanted to see if funds for the arraignment beds were sufficient or if more dollars were needed and he felt putting more money at this time towards that pilot project might not be the wisest choice.

DIRECTION/REQUEST - BRAND – REQUEST CITY MANAGER PROVIDE INFORMATION ON ESTIMATED SAVINGS ON (1) ELIMINATION OF ALL NON-ESSENTIAL VEHICLES CURRENTLY OUT TO EMPLOYEES, (2) ELIMINATION OF ALL NON-ESSENTIAL EMPLOYEE CELL PHONES, AND (3) REDUCTION IN VEHICLE ALLOWANCE ACROSS THE BOARD

Brief discussion ensued on President Brand's request, ACM Rudd stated staff had made some headway already, City Manager Scott stated **(4 – 0)** staff would provide information on what had already been done, and Councilmember Baines stated he wanted to see which employees were taking vehicles home.

Councilmember Westerlund spoke to the need to vote on the CSW franchise/Councilmember Brand's motion presuming the \$1.9 million revenue from the franchise to show that Council was serious, and discussion ensued on the issue, on the legality of singling out and voting on one item, and the budget schedule and time line to adopt a final budget. Councilmember Borgeas questioned if it would not behoove Council to have information by Thursday on the 3% concession to be prepared to take action on Friday, with brief discussion ensuing on scheduling a closed session for an update and discussion on developments with labor. By Council consensus staff was directed to schedule a closed session on Wednesday, June 22nd, at 1:30 p.m.

ADJOURNMENT

There being no further business to bring before the City Council, the hour of 11:18 a.m. having arrived and hearing no objection, President Brand continued budget consideration to Tuesday, June 21, 2011, at 8:20 a.m.

Approved on the _____30th_____day of _____June_____, 2011.

_____/s/_____
Lee Brand, Council President

ATTEST:_____/s/_____
Yolanda Salazar, Assistant City Clerk